

APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

**DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
PART 1: LINE ITEM DETAIL**
**2016 PA 268
Article VIII
FY 2016-17
Initial**
Sec. 109 (1) APPROPRIATION SUMMARY

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| 1. <u>Unclassified full-time equated (FTE) positions</u> - Positions exempted from the classified State civil service under Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, and a limited number of policy-making positions in departments. | 6.0 |
| 2. <u>Classified FTE positions</u> - All positions in State service unless exempted by Article XI, Section 5 of the Michigan Constitution. One FTE position equals 2,088 hours. | 1,609.0 |
| 3. <u>GROSS APPROPRIATION</u> - Total appropriations | \$1,145,994,300 |
| 4. <u>Interdepartmental Grants (IDG)</u> - Funds that are appropriated in other budgets. These funds are categorized as IDGs in the department that spends the funds and is therefore subtracted from the Gross Appropriation to avoid double counting total Statewide appropriations. | 0 |
| 5. <u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs. | 1,145,994,300 |
| 6. <u>Federal revenue</u> - Funding allocated to the State by the Federal government. | 768,144,800 |
| 7. <u>Local revenue</u> - Funds paid by local units of government that support State services and programs. | 500,000 |
| 8. <u>Private revenue</u> - Available appropriated funds from private sources, including funding from non-governmental agencies. | 5,619,000 |
| 9. <u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue also includes general fund/special purpose funds, such as fee revenue used to support licensing programs. | 192,341,600 |
| 10. <u>State general fund/general purpose</u> - Revenue that has no constitutional or statutory restrictions on its used. | 179,388,900 |
| 11. <u>Payments to locals</u> - State appropriations from GF/GP or State restricted revenues that are allocated to local units of government. | 11,224,800 |

Sec. 109 (2) EXECUTIVE DIRECTION

Note: Executive Order 2014-12 created the Department of Talent and Economic Development.

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| 1. <u>Unclassified positions</u> | \$897,400 |
| Unclassified FTE positions | 6.0 |
| This line only funds the salary for the unclassified positions. The positions funded through this line are the Executive Director of the Department of Talent and Economic Development, the Director of the Michigan State Housing Development Authority, the Director of the Talent Investment Agency, and three Deputy Directors for Legislative Affairs, Finance & Operations, and Communications. | |
| 2. <u>Executive direction and operations</u> | 812,900 |
| Classified FTE positions | 1.0 |
| This line item funds the executive office of the Department of Talent and Economic Development and the costs of fringe benefits for the unclassified positions. | |
| Unit Gross Appropriations | \$1,710,300 |
| Federal revenues | 1,179,200 |
| State restricted funds | 400,800 |
| State general fund/general purpose | 130,300 |

Sec. 109 (3) MICHIGAN STRATEGIC FUND

Note: E.O. 2014-12 transferred the Michigan Strategic Fund from Department of Treasury by E.O. 2014-12.

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| 1. <u>Administration services</u> | \$5,743,600 |
| Classified FTE positions | 34.0 |
| This unit provides funding for the central administrative staff and operations of this Agency including personnel, budgeting, and finance. E.O. 2014-12 transferred 12.0 FTEs as well as Federal funding and state restricted funds for those positions from the Department of Licensing and Regulatory Affairs. | |

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| 2. | <u>Job Creation Services</u> Classified FTE positions | 22,198,400 160.0 |
| | <p>This line item contains funding for the operation of programs conducted by the Michigan Economic Development Corporation (MEDC) on behalf of the Michigan Strategic Fund. These include business development activities such as account managers who maintain contacts with existing Michigan businesses regarding expansion and retention, site location services, and international business development. Also included are the operations of development finance activities, community redevelopment, access to capital, business and tourism marketing, and ongoing responsibilities related to MEGA and brownfield tax credits, community development block grants, and industrial development revenue bonds.</p> <p>E.O. 2015-10 transferred 14.0 FTE positions and funding to the Michigan Agency for Energy located in the Department of Licensing and Regulatory Affairs.</p> <p>In FY 2016-17 the Community Development Administration and the Michigan Film and Digital Media Office were moved into this unit.</p> | |
| 3. | <u>Pure Michigan</u> This line item replaced the former Michigan Promotion Program line item in FY 2011-12. The line funds the Pure Michigan advertising campaigns that promote Michigan as a travel destination. The 21 st Century Jobs Trust Fund supports this line item. The 2013-14 budget added \$4.0 million to this line item to support advertising in international markets. The 2015-16 budget added \$4.0 million to this line item. The 2016-17 budget added \$1.0 million to this line item. | 34,000,000 |
| 4. | <u>Entrepreneurship eco-system</u> This line item, new in FY 2011-12, uses 21 st Century Job Trust Fund money for the programs allowed under Chapter 8A of the Michigan Strategic Fund Act. The FY 2015-16 budget transferred \$3.0 million to the Pure Michigan line item and \$600,000 to Business Attraction and Community Revitalization. The FY 2016-17 budget transferred \$1.0 million to Pure Michigan and \$1.0 million to Business Attraction and Community Revitalization. | 19,400,000 |
| 5. | <u>Business Attraction and Community Revitalization</u> The appropriation supports the Community Redevelopment Incentives and the Michigan Business Development Incentives that replace the Michigan Economic Growth Authority (MEGA), brownfield, and historic preservation tax credits. In FY 2011-12 and FY 2012-13, this line item was called Business Attraction and Economic Gardening. | 101,500,000 |

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| Business Attraction and Community Revitalization Appropriations and Fund Sources¹⁾ (millions) | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Appropriation | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 |
| Total Appropriations | \$100.0 | \$100.0 | \$120.0 | \$130.0 | \$114.0 | \$115.5 |
| Funding Sources | | | | | | |
| 21 st Century Jobs Trust | 25.0 | 25.0 | 17.5 | 21.0 | 20.6 | 21.6 |
| Fund | | | | | | |
| Ongoing GF/GP | 50.0 | 75.0 | 77.7 | 91.1 | 76.1 | 79.9 |
| One-time GF/GP | 50.0 | 0 | 24.8 | 17.9 | 17.3 | 14.0 |
| This appropriation was called Business Attraction and Economic Gardening in FY 2011-12 and FY 2012-13. | | | | | | |

8. Community Development Block Grants

\$47,000,000

The MEDC administers this Federal Department of Housing and Urban Development grant program. The State receives Federal funds that are awarded by the Michigan Strategic Fund Board for projects benefiting low- and moderate-income areas within communities with a population of less than 50,000. (These are referred to as communities that do not have entitlement.) The grants can be used for revitalization of neighborhoods, expanding affordable housing, and improving community facilities and services. States are permitted to develop individual plans for the awarding of these funds consistent with Federal guidelines which include:

- Acquiring real property;
- Reconstructing or rehabilitating housing;
- Building public facilities and improvements;
- Education and training;
- Assisting for-profit businesses with particular economic activities such as loans or assembling land;
- Providing government services for youths, seniors, or the physically/mentally challenged;
- Crime reduction initiatives;
- Down payment assistance for home buyers;
- Building code enforcement.

The State plan also permits the use of these funds for urban redevelopment efforts. This effort includes downtown development, primary district gateway improvements, public improvements to SmartZones (areas that can use tax increment financing for business incubator facilities) and Renaissance Zones (designated areas with almost no State or local taxes), and enhancements to business parks.

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9. Arts and Cultural Program

\$10,150,000

This program funds arts and cultural grants distributed by the Michigan Council for Arts and Cultural Affairs. The appropriation was increased by \$3,582,600 GF/GP in FY 2012-13 and \$2.0 million GF/GP in FY 2013-14.

EO 2009-36 abolished the former Department of History, Arts, and Libraries and transferred the Council for Arts and Cultural Affairs and the Arts and Cultural grant program to the MSF beginning in FY 2009-10. Federal grants and GF/GP fund this line.

10. Community college skilled trades equipment program

\$4,600,000

This line item was created in FY 2014-15. The budget includes \$4.6 million for the first year of debt service on a proposed \$50.0 million MSF bond issue to update technology at community colleges for training students for high-demand occupations. The MSF board awarded the funds through an RFP process.

11. Facility for rare isotope beams (FRIB)

\$7,300,000

This line item was added to the Treasury budget in FY 2012-13 to appropriate GF/GP revenue as part of the community share of this project at Michigan State University. It was increased from \$2,339,900 in FY 2012-13 to \$7.3 million in FY 2013-14 to pay the debt service on revenue bonds that will be issued by the Michigan Strategic Fund to provide up to \$90,961,100 for construction costs for the FRIB project. E.O. 2014-12 transferred this line item to the Michigan Strategic Fund budget.

Unit Gross Appropriation

\$251,892,000

Federal revenue

53,436,600

Private revenue

350,000

State restricted revenue

80,014,500

State general fund/general purpose revenue

118,090,900

Sec. 109 (4) Talent Investment Agency

Note: Created by E.O. 2014-12 by combining workforce development programs, the Unemployment Insurance Agency, and the skilled trades training program.

1. Executive Direction

\$1,175,600

Classified FTE positions

7.0

Created by E.O. 2014-11 and provides funding for the central administrative staff and operations of this Agency including personnel, budgeting, finance, and rent.

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| 2. <u>Workforce program administration</u> | \$33,169,900 |
| Classified FTE positions | 225.0 |

This unit, formerly the Office of Workforce Development, administers the Federal Workforce Investment Act program, Work First, Federal Welfare-to-Work, Federal Food Assistance Employment Training Program, and the Michigan Works! Service Center Program. Executive Order 2011-4 transferred this program from LARA to the Workforce Development Agency within MSF. The FY 2015-16 budget rolled up all the administrative support to the various workforce development programs into this one line item. Combining Adult Education, Postsecondary Education, and Employment Services with the other programs previously administered in this line item.

Adult Education - Funding in this program is used to manage both the Federal- and State-funded Adult Education Programs. The Federal funding provided to the school districts appropriated under the Grants section of this act. The State funding for Adult Education appropriated in the School Aid Act. The programs administered include:

- High School Completion. Programs designed to prepare students to meet the requirements for a high school diploma.
- General Education Degree (GED) Test Preparation. Programs designed to prepare students to pass the GED test. These include instruction in English, language arts, math, social studies, science, and writing.
- Adult Basic Education. Programs provide instruction in reading, English, language arts, math, and civics for adults without a high school diploma.
- English as a Second Language. Programs provide instruction in reading, speaking, writing, and comprehension of the English language.

Postsecondary Education includes the following:

- Community College Services Unit. Administers both the Community College Services Unit which requires collecting and reporting all student data and administering State and Federal grants made available for technical assistance, curriculum development, and for providing service to particular populations.
- King-Chavez-Parks Initiative. Provides funding to deliver programs to increase the participation of educationally disadvantaged students in Michigan's higher education system. The funding in this budget is strictly for administration while the appropriation for programming and scholarships included in the Higher Education Appropriation Act. The Initiative provides scholarship funding through these six programs:
 - College Day Program
 - Visiting Professors Program
 - Future Faculty Fellowship
 - Michigan College/University Partnership Program (MICUP)
 - Morris Hood, Jr., Educator Development (MHED) Program
 - Select Student Support Services (4S) Program

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- Educational Corporations. Approved nonpublic educational corporations including nonpublic elementary and secondary schools and private higher education institutions.
- Veterans Education. Administers the contract between the Department of Education and the U.S. Department of Veterans Affairs which requires monitoring of State-licensed facilities and training programs to ensure that veterans attending these programs receive a quality education.

Executive Order 2011-4 transferred this program from LARA to the Workforce Development Agency within MSF. The FY 2013-14 budget removed \$800,000 in unrealized Federal funds.

Employment Services - This program was a unit of the Unemployment Agency until separated by Executive Order in 1997. This Agency provides employment service information and services to unemployed individuals, provides specialized services to veterans, migrant and seasonal farm work, processes applications for alien labor certification, and performs investigations and administers the Trade Adjustment Assistance-North American Free Trade Act at the State and local level. This unit also is responsible for maintaining the Michigan Talent Bank, which is a labor exchange system where both employers and employees can post jobs or resumes. Executive Order 2011-4 transferred this program from LARA to the Workforce Development Agency within MSF. In an FTE true-up, 121.0 unfunded FTE positions eliminated from the line in FY 2012-13. The FY 2013-14 budget removed \$14,328,200 in unrealized Federal funds.

3. Workforce development programs

\$387,022,900

The FY 2015-16 budget rolled up the various workforce development programs into one line item, these programs are:

- GEAR-UP grants (\$4.7 million) - Executive Order 2011-4 transferred Gaining Early Awareness and Readiness for Undergraduate Programs, a federally funded program known as GEAR-UP, moved from LARA to the newly created Workforce Development Agency within the MSF.
- Carl D. Perkins grants (\$20.0 million) - These federal funds used for grants to public community colleges for improving occupational education programs. Projects may include curriculum development, professional training, equipment, student services, and coordination with K-12 schools. Administrative costs are covered. Executive Order 2011-4 transferred this program from LARA to the Workforce Development Agency within MSF. Previously, Executive Order 2007-4 moved much of the career preparation program from DELEG to the Department of Education.

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- Adult basic education (\$20.0 million) - This is the Federal portion of the adult education funding. These funds are awarded to educational agencies, community-based organizations, volunteer literacy organizations, nonprofit agencies, libraries, public housing authorities, or a consortium of any of the organizations. The funds split into two categories of grants:
 - Instructional Program Grants. Grants awarded directly for instructional purposes with up to 10.0% set aside for correctional programs. The Federal funding formula parallels the State funding formula which is 450 hours = 1.0 FTE.
 - State Leadership Grants. Grants required by the Federal regulations to provide 12.5% for professional development, curriculum development, and technology assistance.

Executive Order 2011-4 transferred this program from LARA to the Workforce Development Agency within MSF.

- Michigan Works! (\$250.8 million) - This line is funding for Michigan Works! agencies for federally funding workforce training programs including Workforce Investment Act and Trade Adjustment Assistance. These funds distribute according to formula and the statewide plan approved by the U.S. Department of Labor.
- Welfare-to-work programs (\$75.4 million) - This line includes funding for the four welfare-to-work programs administered by the State. The programs include employment and training program for Food Stamp Recipients, noncustodial parents in arrears with child support payments, and noncash recipients, as well as the cash recipients. Funds are awarded to the 26 local Michigan Works! Agencies, which are then award grants to local service providers. Executive Order 2011-4 transferred this program from LARA to the Workforce Development Agency within MSF.
- Other (\$20.3 million) - Includes the program funding for Adult Education, Postsecondary Education, and Employment Services.

4. Skilled trades training program \$30,900,000

This program was first included as \$10.0 million in one-time funding in FY 2013-14. The FY 2014-15 budget moved the funding from one-time to ongoing. The FY 2015-16 budget increased this line item by \$15.6 million by using penalties and interest funds from the Department of Licensing and Regulatory Affairs. The FY 2016-17 budget increased State restricted funds in this line item by \$10.0, of the total, \$5.3 increased the Gross and \$4.7 replaced GF/GP

5. Community Ventures \$9,800,000

Classified FTE Positions 7.0

This line item was new in FY 2012-13. The program provides targeted job training and support for persons with barriers to employment in four target cities: Detroit, Flint, Pontiac, and Saginaw. This program was part of the Governor's public safety initiative. Training providers and social service agencies operate this program. The FY 2013-14 budget added 7.0 FTE positions.

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| 6. <u>Unemployment Insurance Agency</u> | \$139,065,500 |
| Classified FTE positions | 853.0 |

This line item provides overall administration of the unemployment benefits program in Michigan. This line includes the following programs:

- Unemployment Insurance Trust Fund. This fund is administered by the Unemployment Agency and receives revenue from employers through unemployment taxes. This fund then is used to pay benefits to unemployment claimants.
- Tax Office. This office is responsible for managing all of the employer accounts, certification of employer wage and tax data to the Federal Internal Revenue Services, investigates employee protests, issues redeterminations, processes appeals, and certifies that job applicants are eligible for the Work Opportunity and Welfare-to-Work programs, which enable businesses to receive the tax credits available.
- Office of Business and Financial Services. Provides accounting and budgeting support for the appropriated funds, records retention, lease negotiations, mail services, and provides accounting support for the trust fund.
- Office of Program and Policy Administration. Administers the benefits program, provides legislative and administrative rules analysis and expertise, issues the unemployment insurance benefit procedures, collects fraud and nonfraud overpayment, and monitors and coordinates the information systems utilized by staff and tax and benefit system users. Also, the office is responsible for all cross-match programs used to detect overpayments and ensures that the law pays all benefits.
- Trust Fund Accounting. Maintains an inventory of post office returned checks, processes affidavits for lost/stolen checks and forgery claims, issues refunds to employers and claimants, provides cash management for the trust fund, Federal and State reporting, contract administration for the banking contract, oversight of the accounting system and prepares the year-end financials for the trust fund.
- Office of Appeals. Responsible for hearing and deciding appeals regarding entitlements to benefits, employer tax rates, and employer liability. The Office also archives files, decision library copies, and prepares files that are appealed for the next step in the appellate process (MES Board of Review).
- Unemployment Insurance Analysis and Reports. Forecasts workload and determinations of statutory tax and benefit program triggers.

E.O. 2014-12 transferred this line item from LARA to the Talent Investment Agency.

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| 7. <u>Information technology services and projects</u> | \$22,501,000 |
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This line supports the information technology services provided by the Department of Technology, Management, and Budget. First added in FY 2011-12 for spending for the information technology costs of programs transferred from LARA to MSF by Executive Order 2011-4. In FY 2015-16, the budget transferred the information technology services funding for the Unemployment Insurance Agency from LARA to the TIA.

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| Unit Gross Appropriation | \$623,634,900 |
| Federal revenue | 540,869,000 |
| Local revenue | 500,000 |
| Private revenue | 5,269,000 |
| State restricted revenue | 48,787,800 |
| State general fund/general purpose revenue | 28,209,100 |

Sec. 109 (5) Land Bank Fast Track Authority

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| 1. Land bank fast track authority | \$5,256,400 |
| Classified FTE positions | 6.0 |

The Land Bank Fast Track Authority deals with tax-reverted properties to assemble parcels, clear titles and return the property to productive use. Executive Order 2010-2 transferred the Land Bank from the Department of Energy, Labor, and Economic Growth to the Department of Treasury. Bonding functions moved to the Michigan Finance Authority. Executive Order 2011-4 transferred this program from Treasury to MSF within Treasury. Executive Order 2013-8 transferred the program to MSHDA. The budget increased funding by \$3,950,000 that brings the total appropriation for this program to \$5,250,000 for FY 2014-15. This additional funding will be used 50% for operations costs and 50% for the Good Neighbor property management program to help maintain properties owned by the Land Bank. E.O. 2014-12 transferred the Land Bank from MSHDA to the Department of Talent and Economic Development.

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| Unit Gross Appropriation | \$5,256,400 |
| Federal revenue | 1,000,000 |
| State restricted revenue | 297,800 |
| State general fund/general purpose revenue | 3,958,600 |

Sec. 109 (6) MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY (MSHDA)

MSHDA is an independent authority within the MSF. The MSHDA board consists of eight members, five of whom are appointed by the Governor with the advice and consent of the Senate to serve four-year terms. The remaining three seats held by three heads of principal executive departments. The Authority oversees Federal housing programs, assists in ensuring affordable housing is available through the sale of tax-exempt bonds and notes and providing grant funding to nonprofit organizations for rehabilitation. MSHDA administers Federal programs that do not pass through the State budget such as the Neighborhood Stabilization Program. MSHDA also provides homeownership counseling through contractors and provides foreclosure prevention assistance.

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MSHDA transferred from the Department of Energy, Labor, and Economic Growth to the Department of Treasury by Executive Order 2010-2. Subsequently, Executive Order 2011-4 transferred MSHDA to the Michigan Strategic Fund within the Department of Treasury. E.O. 2014-12 transferred MSHDA from the Department of Treasury to the Department of Talent and Economic Development.

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| 1. | <u>Payments on behalf of tenants</u> The Authority administers the Federal Section 8 Existing Housing Program by providing rental subsidies for households with very low income. The subsidies equate to the difference between fair market rental rates and a fixed percentage of the tenants family income, not to exceed 30.0%. Eligible recipients include senior citizens, the physically/mentally challenged, and low-income families that meet the Federal income limits. | \$166,860,000 |
| 2. | <u>Housing and rental assistance program</u> Classified FTE positions This line supports the administration of the Authority and related programs, including salary and fringe benefits for the Authority staff. Beginning with supplemental funding in FY 2012-13, the MSHDA director's salary was funded through the Department of Treasury unclassified line. An FTE true-up added 56.0 FTEs in FY 2012-13. The State Historic Preservation Program rolled into this line in FY 2013-14. | \$51,248,200 316.0 |
| 3. | <u>Lighthouse preservation program</u> This program is funded by revenue received from special license plates. This funding was authorized by P.A. 73 of 2000. It provides assistance to local groups in protecting and preserving lighthouses around the State. Michigan has the greatest number of lighthouses of any State. Due to global positioning and other modern navigation devices, the use of lighthouses became unnecessary. Starting in the 1990's the U.S. Coastguard began disposing of these buildings, which in Michigan totaled 70 lighthouses. This program makes available grant funds available from the proceeds of dedicated license plate revenue. Recipients are required to provide a 50 percent match to receive these funds. This program was transferred to MSHDA in FY 2009-10 when Executive Order 2009-36 eliminated the Department of History, Arts, and Libraries. | \$307,500 |
| 4. | <u>Rent and administrative support</u> First included in FY 2010-11 with the MSHDA transfer into the Department of Treasury. It tracks MSHDA expenses for rent and administrative support separately from other similar Department expenses. (Previously, in DELEG, MSHDA rent and administrative support was appropriated in the Executive Direction Unit with other DELEG costs.) | \$3,721,000 |

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| 5. | <u>Michigan state housing development authority technology services and projects</u> | \$3,585,500 |
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This line was added in FY 2010-11 with the MSHDA transfer into the Department of Treasury. It tracks MSHDA information technology spending separately from the Departmental DIT line. (Previously, in DELEG, MSHDA information technology was appropriated in the Information Technology Unit with other DELEG expenses.)

Unit Gross Appropriation

\$225,722,200

Federal revenue

166,860,000

State restricted revenue

58,862,200

State general fund/general purpose revenue

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Sec. 109 (7) ONE-TIME BASIS ONLY APPROPRIATIONS

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| 1. | <u>MSF, business attraction and community revitalization</u> | \$13,999,900 |
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This one-time funding is in addition to the Business Attraction and Community Revitalization ongoing line item. There was a one-time appropriation of \$50.0 million in FY 2011-12 for this program. That funding became ongoing in FY 2012-13. In FY 2013-14, ongoing funding for this program declined by \$4.8 million and new one-time funding of \$24.8 million was provided. In FY 2014-15, one-time funding from the previous fiscal year decreased by \$6.9 million while the ongoing portion of funding increased by \$16.9 million. In total, appropriations for the program are \$130.0 million in FY 2014-15. In FY 2015-16, one-time funding was decreased \$600,000, while ongoing decreased \$15.4 million. In total, appropriations for the program are \$114.0 million in FY 2015-16. In FY 2016-17, one-time funding was decreased \$3.3 million, while ongoing increased \$1.5

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| 2. | <u>Special grants</u> | 12,000,000 |
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The FY 2015-16 budget includes several new grants totaling \$12.0 million that are funded with one-time GF/GP appropriations. The items include: (1) Covenant Care - \$275,000, (2) Grandmount Rosedale Development Corporation - \$50,000, (3) Kennedy High Greenhouse Renovation - \$30,000, (4) Heritage Park- \$95,000, (5) Redford Union Chrome Books - \$100,000, (6) City of Westland Recreation Complex - \$100,000, (7) Southwest Detroit Community Justice Center - \$100,000, (8) Mom's Place Women's Shelter - \$75,000, (9) City of Albion Capital Improvements - \$950,000, (10) Grand Haven State Park - \$800,000, (11) Village of Athens - Water Tower Renovation - \$250,000, (12) Charles H. Wright African American Museum - \$500,000, (13) Kent County Youth Fair - \$2,500,000, (14) Lowell Township Park - \$2,500,000, (15) City of Wayne Recreation Complex - \$100,000, (16) Maggie Lee's Community Center - \$25,000, (17) Detroit Collaborative Design Center - \$100,000, (18) Van Andel - \$1,000,000, (19) Muskegon Farmers Market - \$200,000, (20) Alpena Drones - \$250,000, (21) Kalamazoo Valley Community College, Healthy Living Campus - \$2,000,000

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| <p>3. <u>Statewide data system integration</u></p> <p>This one-time funding was first included in FY 2016-17 and dedicated to creating and supporting the Workforce Longitudinal Data Systems to meet new workforce data reporting requirement and establish an integrated service delivery plan.</p> | <p>8,778,500</p> |
| <p>4. <u>Protect and gross</u></p> <p>This one-time funding was first included in FY 2016-17 to maintain and grow the defense industry in the state.</p> | <p>3,000,000</p> |
| <p>5. <u>Sustainable employment pilot program</u></p> <p>This one-time funding was first included in FY 2016-17 to contract with another entity to pilot a program that focuses on moving individuals off of government assistance program and measuring the corresponding savings to the state of Michigan.</p> | <p>100</p> |
| <p>Unit Gross Appropriations</p> | <p>\$37,778,500</p> |
| <p>Federal revenues</p> | <p>4,800,000</p> |
| <p>State restricted revenues</p> | <p>3,978,500</p> |
| <p>State general fund/general purpose revenue</p> | <p>29,000,000</p> |

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OPERATIONS

980 **Contingency Fund Language.** Provides a boilerplate appropriation for limited amounts of additional Federal, State Restricted, or private funds if they become available during the fiscal year. This section is spending authority only. Any funding only becomes available after a legislative transfer has been approved by both Appropriations Committees, consistent with the Management and Budget Act, PA 431 of 1984. The limits are up to \$30.0 million Federal, \$10.0 million State Restricted, \$2.0 million Private, and \$2,000,000 Local.

Background: This had been standard language in most appropriation acts until FY 2000-01. It was reinstated in FY 2008-09. Limits increased in FY 2012-13 and authority for local revenue was added.

981 **Legacy Costs.** This language lists the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimate of the amount of pension-related legacy costs. For FY 2016-17 total legacy costs are estimated at \$35,083,100, pension-related legacy costs are estimated at \$19,452,700, and retiree health care legacy costs are estimated at \$15,630,400.

Background: First included FY 2014-15. FY 2014-15 total legacy costs were estimated at \$18,801,300, pension-related legacy costs were estimated at \$10,508,300 and retiree health care legacy costs were estimated at \$8,293,000. FY 2015-16 total legacy costs are estimated at \$36,701,100, pension-related legacy costs are estimated at \$20,831,400, and retiree health care legacy costs are estimated at \$15,869,700. The large increase in FY 2015-16 is due to EO 2014-12 moving the UIA and other FTE positions into this department.

MICHIGAN STATE HOUSING AND DEVELOPMENT AUTHORITY

990 **Michigan State Housing Development Authority (MSHDA) Housing Production Goals.** Requires the Department to report on the status of the housing production goals under all financing programs administered by the Authority.

Background: This section moved into the Treasury budget in FY 2010-11 due to the transfer of MSHDA from the Department of Energy, Labor, and Economic Growth (DELEG) under Executive Order 2010-2. It had been a longstanding boilerplate section in the DELEG budget.

994 **State Historic Preservation Program - Receive and Expend.** Permits the State Historic Preservation Program to use any revenue received for document reproduction, services, and application fees to defray the costs of providing the services. The revenue carries forward.

Background: The section was formerly part of the budget for the Department of History, Arts, and Libraries, then transferred to MSHDA in the DELEG budget in FY 2009-10 and moved to the Treasury budget for FY 2010-11.

995 **Land Bank Fast Track.** Provides that the Authority may receive and expend revenue above the amount appropriated for the authorized activities under the Land Bank Fast Track Act, 2003 PA 258. These purposes include acquisition, lease, management, demolition, maintenance, property rehabilitation, debt service owed by the authority, and expenses to clear titles of property owned by the authority.

Background: FY 2004-05 was the first year of this language in DELEG. It was transferred to Treasury in FY 2010-11 due to Executive Order 2010-2. Moved from Sec. 983 in FY 2013-14. Moved from Sec. 1038 in FY 2014-15.

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MICHIGAN STRATEGIC FUND

- 1005 **Travel Michigan Revenue from Slogans and Merchandising.** Language allows the MSF to receive and expend any private revenue related to the use of "Pure Michigan" and other copyrighted slogans. The funds are appropriated for the purpose of marketing Michigan. This section requires a report on revenue and spending by March 15.

Background: Longstanding boilerplate item. Updated in FY 2011-12 to remove prior slogans. The reporting requirement was added in FY 2013-14. Reporting date was moved from June, 1 to March, 15 in FY 2016-17.

- 1007 **MEDC and MSF Activity Report.** This language requires the Agency to provide a report by February 15 on the activities of the Michigan Economic Development Corporation financed from investment or Indian gaming revenues, listing all grants, loans, and investments made from the fund, all fund sources, and the number of FTEs by the program. It also requires detailed information on promotion spending by Travel Michigan, and business attraction activities and all programs of the Michigan Strategic Fund. Also requires a performance metrics report for the Michigan Business Development Program, the Community Revitalization Program, and the Community Core fund by March 15.

Background: This language was added in FY 1999-2000 following the creation of this quasi-State Agency. As this Agency is structured differently than any other in State government, this section was included to ensure that sufficient information regarding expenditures was made available to the Legislature. It was revised in FY 2011-12 to delete a reference to a discontinued program. In FY 2012-13 the report date was changed, reporting of investments was added, as well as updates for new programs. In FY 2013-14, the elements of the former Sec. 1006 grant report was added to this section. A requirement to report activities from any fund source also was added in FY 2013-14. The performance metrics report requirement was added in FY 2014-15. The Business services, Clear Air Ombudsman, and Film Incentives sections were removed, and the date was moved from February to March, 15 in FY 2016-17

Community Core Language: This language was added to an FY 1999-2000 supplemental bill to govern the expenditure of one-time funding of \$50.0 million for this program. The awards have all been made and were primarily in the form of a grant. The balance of this Fund lapsed back to the General Fund at the close of FY 2001-02. Occasionally a small award is made from this fund from monies returned from previous projects.

- 1008 **Interlocal Agreements.** This language requires the Agency to include in each interlocal agreement language that requires the Agency to work with private economic development agencies if the local unit of government is working with a private agency.

Background: This language was added in FY 1999-2000 following the creation of the Agency.

- 1009 **Purchase of Land.** This language places restrictions on the Agency regarding the purchase of land or the purchase of options on land. Requires that these purchases are made in economically distressed areas, or the land purchased at the invitation of the local unit of government and local economic development agency.

Background: This language was added in FY 1999-2000 following the creation of this Agency. The ability to purchase land or land options was one reason provided to the Legislature for the need to create this Agency as a quasi-State Agency.

- 1010 **Jobs for Michigan Investment Report.** Requires a report on the Jobs for Michigan Investment Fund. Report by March 15. The report shall include a detailed listing of all revenue, expenditures, and fund balance at the end of the fiscal year.

Background: First included FY 2014-15. Reporting date was moved from February to March, 15 in FY 2016-17.

- 1011 **Compliance with the Management and Budget Act.** Requires that any unexpended funding appropriated to the Agency and transferred to the MEDC shall be subject to the Management and Budget Act unless by carry-forward authorization.

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- Background:** This language was added in FY 2000-01. It ensures that unused funds are lapsed back to the General Fund and not carried forward. It was modified in FY 2013-14 to apply the language to all fund sources.
- 1012 **Compliance with Other Acts.** Requires the MEDC and the Strategic Fund be subject to the Freedom of Information Act, the Open Meetings Act, Annual Audits of the Auditor General, and Legislative reporting requirements.
- Background:** This language was added in FY 2000-01.
- 1013 **Private Fund Raising.** Prohibits those staff who are involved in private fundraising from being party to any decisions regarding the awarding of grants, incentives, or tax abatements from the Fund, the MEDC, or the Michigan Economic Growth Authority.
- Background:** This language was added in FY 1999-2000. It was modified in FY 2013-14 to apply to employees involved in awarding incentives.
- 1020 **Federal Pass-Through Funds.** Allows for the appropriation of additional Federal pass-through funds to local institutions and governments that do not require an additional State match. Also allows these funds to be carried forward and requires the Agency to report on the amount and source of these funds within ten days of receiving the funds.
- Background:** FY 2007-08 is the first year for this language.
- 1024 **Business Attraction and Community Revitalization.** Directs the Michigan Strategic Fund board to grant at least \$20.0 million from the \$130.0 million appropriated in FY 2014-15 for this program in Part 1 and one-time appropriations for brownfield incentives and historic preservation incentives under the Community Revitalization program.
- Background:** This section was added in FY 2011-12 to direct the allocation of this program which replaces Michigan Economic Growth Authority (MEGA), brownfield, and historic preservation tax credits. It was updated in FY 2013-14 to refer to the Community Revitalization program.
- 1032 **Michigan Film Office Report.** Requires an extensive report on the status of film incentives by March 1. The report is required to be filed by the Michigan Film Office in conjunction with the MSF and the Department of Treasury. Report requirements include Michigan Business Tax credits, Michigan Economic Growth Authority (MEGA) Act credits, loans, expenditures, and job creation.
- Background:** The report was added in FY 2008-09 and expanded in FY 2009-10. It was modified for FY 2012-13 to include report elements for appropriated film incentives. In FY 2016-17, it was modified to remove references to film incentives due to the incentive program being eliminated in FY 2015-16.
- 1033 **Film Incentive Reporting.** This section requires a quarterly report on the status of film incentives approved under MCL 125.2029h. The report must include direct and indirect economic impacts, job creation, and private investment attributable to the assistance.
- Background:** First included FY 2012-13.
- 1034 **Business Incubators.** Requires that each entity that received funding in FY 2012-13 maintain its dashboard of indicators and reporting requirements. Requires reporting of a dashboard of indicators by March 1, and transmission of those reports to the legislature by March 15.

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Background: In FY 2008-09 this was a line item for \$1,250,000 funded from Jobs for Michigan Investment Fund – Returns to Fund, the permanent fund that receives repayments and earnings from 21st Century loans and investments. Awards were for incubators in the following counties: Berrien, Genesee, Macomb, Washtenaw, and Wayne. In FY 2009-10, the line was funded again from Jobs for Michigan Investment Fund – Returns to Fund. Funding for Isabella and Oakland counties was vetoed, however, leaving an appropriation of \$900,000 for incubators in Houghton, Ingham, Kalamazoo, Kent, Muskegon, and Washtenaw Counties, and the City of Detroit. Funding was not awarded, however, due to a re-interpretation of the statute creating the Investment Fund – Returns to Fund. The new interpretation limited the amount of the Returns to Fund that could be appropriated by the Legislature to the common cash earnings. As a result, only one incubator was funded in FY 2009-10 at an amount of about \$60,000. In FY 2010-11 the fund source was changed to 21st Century Jobs Trust Fund, the eligible local governments changed from Ingham County to the City of Lansing, and reinstated the previously vetoed incubators in Isabella and Oakland Counties.

The program was revised again in FY 2011-12 by removing funding to Lansing, Kalamazoo County, and Muskegon County. The Isabella funding was restricted to a satellite site in Midland County.

In FY 2012-13 the funding amounts were changed, and Mason County, Ingham County, and an auto technology accelerator (Automation Alley) were added as recipients. The boilerplate in FY 2012-13 required awards to incubators or accelerators in the following areas: Detroit, Houghton, Isabella, Kent, Macomb, Oakland, Washtenaw, and Midland Counties (A Mason County incubator that provides services to Lake, Mason, Manistee, and Oceana Counties), and an accelerator that provides services in at least eight counties (Automation Alley).

FY 2013-14 language did not make any new awards but continued reporting requirements for existing recipients.

The 2015-16 budget removed intent language that any additional funding will be based on the performance of the program and the results reported in the dashboard indicators.

- 1035 **Arts and Cultural Grants.** Directs the Michigan Council for Arts and Cultural Affairs to operate an arts and cultural grant program. Requires the program to maintain the equitable geographic distribution of funds and use past arts grants programs as a guideline. Application materials must be available by October 1. Application fees may be charged and used to cover the administrative expenses. A report of the grant awards is made to the legislative offices within one day of grants being awarded. Prohibits the use of any funding from this grant line for administration.

Background: This language was added to the MSF budget when the Arts and Cultural Grant program transferred to MSF in FY 2009-10 when the Department of History, Arts and Libraries was abolished. The language was simplified and shortened, reflecting the reduced resources available for this program. In FY 2013-14, the authority to use up to \$100,000 from the grant line was deleted and replaced with a prohibition on using any grant funds for MSF administrative costs. This reflected additional GF/GP funding added to the Job Creation Services line and 2.0 additional FTE positions for arts grant administration.

- 1036 **Transfer of Appropriations to Other Funds.** Directs that GF/GP appropriations in part 1 for business attraction and community revitalization shall be transferred to the 21st Century Jobs Trust Fund (CJTF) per MCL 125.2090b. States that the 21st Century Jobs Trust Fund is appropriated and available for allocation as authorized by the MSF Act, MCL 125.2001 to 125.2094.

Background: New in the MSF budget for FY 2013-14. This section implements the transfer of certain GF/GP appropriations to restricted funds per statute. The language also authorizes spending from the restricted funds without additional appropriation. These transfers apply to GF/GP appropriations for business attraction and community revitalization which are transferred to the 21st Century Jobs Trust Fund (and thus become subject to the requirements of the 21st Century Jobs Trust Fund) and GF/GP appropriations for film incentives which are transferred to the Film Promotion Fund. References to Film Incentives were removed in FY 2016-17

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- 1038 **Facility for Rare Isotope Beams (FRIB).** Requires a status report on the construction of the FRIB project to the State Budget Director, Subcommittees on General Government, and fiscal agencies on March 15. The Department will work with Michigan State University to collect information on the following: amount of weeks ahead or behind of the scheduled timeline at the end of the previous fiscal year, cost of construction over or under the amount projected for the previous fiscal year, the number of Michigan companies contracted for the project, the total amount of those contracts, and the number of permanent and temporary employees hired for the project in the previous fiscal year.
- Background:** First included in the MSF budget for FY 2013-14. This section first provided a structure for the authorization and issuance by MSF of a limited amount of revenue bonds to support the construction of FRIB. If the conditions required by the boilerplate are met, then MSF can issue revenue bonds to pay the remaining community share for FRIB. The section provides for oversight by the MSF and the State Budget Director. The State will pay the debt service on the FRIB bonds. The debt service is appropriated to the Department of Treasury budget within the appropriation unit for Grants. The appropriation for FRIB debt service is \$7.3 million GF/GP in FY 2014-15. The bond was authorized and issued in 2015. The FY 2015-16 budget removed the authorizing language but retained the oversight language on the FRIB program. The FY 2016-17 budget replaced the authorization language with a status report on the construction of the FRIB project.
- 1040 **Required Use of State Accounting System.** Requires the Department to use the statewide accounting system (the Michigan Administrative Information Network (MAIN) or a successor MDTMB-administered administrative information system) as an appropriation and spending reporting system. All financial transactions with vendors, contractual partners, grantees, and recipients of incentives and other economic assistance must be tracked on the State accounting system. It requires that encumbrances and expenditures should be tracked promptly.
- Background:** This section was added in FY 2013-14 following discussions regarding a proposal to move some incentive appropriations to the MSF upon appropriation and then account for spending from those programs with a separate accounting system operated by the MSF, instead of on the State accounting system
- 1041 **Limit on Transfer of State Funds to the MSF.** Limits the transfer of appropriations for business attraction and community revitalization by the State Treasurer to the MSF to not more than 60% of the appropriated funds before April 1.
- Background:** New in FY 2013-14. The total appropriations for business attraction and revitalization are \$114.0 million in FY 2015-16. This section limits the amount that can be moved from the Treasury to MSF to \$68.4 million before April 1, 2016.
- 1042 **Business Attraction Report.** Requires a quarterly report from the Fund listing the amount of funds considered appropriated, pre-encumbered, encumbered, and expanded. The report also shall include a listing of funds that have lapsed back to the fund from any prior-year appropriations.
- Background:** First included FY 2014-15.
- 1043 **MEGA report.** Requires cooperation with the Department of Treasury on an annual report due November 1, on the projected costs of the various tax credits outstanding. The report includes the total original credit amounts issued for each year, total adjustments made to credits, the actual and projected value for each year from 1995 to the expiration of the programs. Each year shall include the amount claimed, certified, and pending. Projections will be based on the estimates of employees, wages, and benefits.
- Background:** First included FY 2016-17.

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- 1046 **Special Grants.** Outlines the 21 special grants, which includes: (1) Covenant Care - \$275,000, (2) Grandmount Rosedale Development Corporation - \$50,000, (3) Kennedy High Greenhouse Renovation - \$30,000, (4) Heritage Park- \$95,000, (5) Redford Union Chrome Books - \$100,000, (6) City of Westland Recreation Complex - \$100,000, (7) Southwest Detroit Community Justice Center - \$100,000, (8) Mom's Place Women's Shelter - \$75,000, (9) City of Albion Capital Improvements - \$950,000, (10) Grand Haven State Park - \$800,000, (11) Village of Athens - Water Tower Renovation - \$250,000, (12) Charles H. Wright African American Museum - \$500,000, (13) Kent County Youth Fair - \$2,500,000, (14) Lowell Township Park - \$2,500,000, (15) City of Wayne Recreation Complex - \$100,000, (16) Maggie Lee's Community Center - \$25,000, (17) Detroit Collaborative Design Center - \$100,000, (18) Van Andel - \$1,000,000, (19) Muskegon Farmers Market - \$200,000, (20) Alpena Drones - \$250,000, (21) Kalamazoo Valley Community College, Healthy Living Campus - \$2,000,000
Background: First included FY 2016-17.

TALENT INVESTMENT AGENCY

- 1060 **Partnership, Accountability, Training, and Hope (PATH).** Requires the TIA to administer the program by applicable laws and regulations including Section 407(d) of title IV of the Social Security Act, 42 USC 607, the state social welfare act, 1939 PA 280, MCL 4001.1 to 400.119b.
Background: New in the MSF budget for FY 2011-12. This section was transferred from the DLARA budget due to Executive Order 2011-4. The program name was updated on Jobs, Education, and Training (JET) to PATH in FY 2013-14. The revised PATH program was implemented January 1, 2013.
- 1061 **Youth Entrepreneurship and Work Readiness.** Permits the TIA to allocate grants from the appropriations for workforce program subgrantees to non-profit organizations to provide entrepreneurship, work-readiness skills, job shadowing, and financial literacy training to WIA eligible youth. Programs eligible for this funding must demonstrate the capacity to conduct the training in urban areas and have the participation of local business partners. The programs must comply with applicable federal requirements.
Background: New in the MSF budget for FY 2011-12. This section was transferred from the DLARA budget due to Executive Order 2011-4.
- 1062 **Veterans Outreach at Michigan Works!** Provides that a disabled veteran's outreach program specialist or employment representative must be made available by the TIA to Michigan Works! service centers as resources permit. Directs the TIA to make appropriate placement of veterans and disabled veterans a priority.
Background: New in the MSF budget for FY 2011-12. This section was transferred from the DLARA budget due to Executive Order 2011-4. The FY 2011-12 budget removed several requirements for services and postings.
- 1063 **Workforce Investment Act Appropriation of Carry-forward.** Appropriates unencumbered and unrestricted Federal Workforce Investment Act and Trade Adjustment Assistance funds from the prior year and requires a report by February 15th of funds appropriated under this section.
Background: New in the MSF budget for FY 2011-12. This section was transferred from the DLARA budget due to Executive Order 2011-4.
- 1065 **Skilled Trades Training Program Report.** Requires a quarterly report on the status of the Skilled Trades Training Program which awards funding to businesses for customized job training for new or incumbent workers. Report elements consist of the number of awardees, names of awardees by industry group, funding received by each awardee, the training model used by each awardee, the number of individuals enrolled by awardee, the number of application to the program, the number of individuals that completed training and were hired by the awardee, and the outcome of metrics for the program.

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Background: First included in the MSF budget for FY 2013-14. This section was added to obtain information on the Skilled Trades Training Program which was created in FY 2013-14 to provide custom training for businesses. The awardees for this program are companies that need training for workers. In FY 2015-16, this appropriation was increased due to funds transferred from the LARA budget in E.O. 2015-12.

- 1066 **Skilled Trades Training Program.** Stipulates how TIA shall administer the program including working cooperatively with grantees to maximize the funds available for training; working cooperatively with Michigan Works! Agencies to prioritize and streamline expenditures; ensuring that grants are distributed for individual skill enhancement; developing program goals and detailed guidance for prospective participants to follow to qualify for the program; and that the fund may receive and expend revenues related to the skilled trades training program.

Background: First included in FY 2014-15.

- 1068 **Workforce Training Programs Report.** Requires a report by March 15th with detailed information on funding allocated to each Michigan Works! Agency (MWA) by fund source, number of participants, duration of training, participants in remedial education and literacy programs, participants enrolled at 2-year, 4-year or proprietary or technical training program, completion of education or training programs, employment, average wages upon completion and securing a job within one year, and the actual revenues received by the fund source and fund appropriated for each discrete workforce development program area. .

Background: Previously the No Worker Left Behind report transferred to MSF in FY 2011-12, the budget for FY 2012-13 modified it to apply to workforce programs in general. In FY 2016-17, the date was modified from February to March 15th and the report included actual revenue received by each discrete workforce development program.

- 1076 **UIA Computer Systems.** Requires the Department to submit quarterly reports on the development of UIA's new integrated computer system.

Background: This section was rewritten for FY 2014-15 to reflect the fact that this system is now in use. In previous years the sections required certain project goals to be met by certain dates; the new section requires information on implementation and improvements to the system. This section was transferred from LARA to TIA in E.O. 2014-12.

- 1077 **MARVIN System Reports.** Requires a report on the percentage of unemployment claimants who meet certification requirements for using the Michigan Web Account Manager (MiWAM) system. Also requires the Department to implement improvements to the MiWAM system with a goal of 75% of users certifying using the system.

Background: This section first appeared in FY 2009-10, and required a certain date to complete the 50% participation goal. The date requirement was removed for FY 2010-11. The percentage participation goal has been adjusted periodically. This section was transferred from LARA to TIA in E.O. 2014-12.

- 1078 **UIA Customer Service Standards.** Requires that the Unemployment Insurance Agency set specific outcomes and performance metrics to measure customer service standards for both employers and claimants.

Background: This section was first included in FY 2015-16 and transferred from LARA to TIA in E.O. 2014-12.

- 1079 **TANF Interagency Agreement.** Requires that the department continues an interagency agreement with the Department of Health and Human Services regarding the use of TANF dollars. The department must also provide a spending report including direct services to clients, administrative expenditures, the number of FIP clients served through TANF, the number of clients receiving employment through TANF funding and Michigan Work!, the number of job readiness program recipient gaining employment, average TANF spending per client, the number of clients referred to Michigan Works! But did not receive job placement. This information shall be reported March 15.

Background: First included FY 2016-17. An interagency agreement was first established between TED and DHHS is FY 2015-16.

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- 1080 **Community Venture Private Matching.** Allows the department to use up to \$2.0 million of ongoing funding towards the matching of private fund dollars. For every \$1 of private funds, the department can use \$1 of matching funding up to \$2.0 million.
Background: First included FY 2016-17.
- 1081 **Statewide System of Data Integration.** The department shall use the fund in part 1 to establish new information technology systems to integrate data for workforce development to track activities and expand longitudinal data analysis between state departments. T
Background: First included in FY 201617 due to Federal requirement changes.
- 1083 **Sustainable Employment Pilot.** Requires that the department creates or contract with another entity to provide a pilot program that focuses on moving individuals off of government assistance programs long-term and measure the corresponding savings to the state.
Background: First included in FY 2016-17 with a \$100 placeholder in one-time spending.